

Message Text

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PAGE 01 CARACA 09341 022241Z

64

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SS-20 INT-08 SCEM-02

SCI-06 STR-08 CEA-02 DODE-00 PM-07 H-03 L-03 NSC-10

PA-04 PRS-01 USIA-15 ACDA-19 IO-14 DRC-01 /220 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 1667

C O N F I D E N T I A L CARACAS 9341

E.O. 11652: GDS

TAGS: ENRG VE

SUBJECT: VENEZUELAN FOREIGN MINISTER INDICATES US WILL CONTINUE
TO RECEIVE TRADITIONAL IMPORTS OF VENEZUELAN PETROLEUM

REF: (A) STATE 212734 (B) CARACAS 9310 (C) CARACAS 9319

1. I CALLED TODAY ON FOREIGN MINISTER CALVANI PURSUANT TO REF A
AND SAID INITIALLY (REF C) THAT I WAS DELIGHTED TO SEE THAT VENEZUELAN

MINISTER OF FINANCE OBERTO IN WASHINGTON HAD SPOKEN OF "HUMANISTIC
PRAGMATISM" IN VENEZUELA'S PETROLEUM POLICY. I ADDED THAT PHRASE
WAS SO DELIGHTFUL TO MY EARS THAT I WAS FRAMING IT TO HAND ON THE
WALL OF MY OFFICE IN THE CHANCERY.

2. CALVANI WAS QUICK TO REPLY THAT VENEZUELA HAD NO RPT NO
INTENTION OF CURTAILING ITS OIL SUPPLIES TO THE UNITED STATES. I
REPLIED THAT I WAS MUCH GRATIFIED BY THIS INFORMATION BECAUSE
PUBLIC OPINION IN THE UNITED STATES WOULD UNDOUBTEDLY BE MOST ADVERSE
TO COUNTRIES CUTTING OFF OUR OIL SUPPLIES (E.G. THE ARAB STATES)
AND WOULD BE EQUALLY APPRECIATIVE OF COUNTRIES SUCH AS VENEZUELA
WHICH CONTINUED THEIR FURNISHING OF TRADITIONAL QUANTITIES OF
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PAGE 02 CARACA 09341 022241Z

PETROLEUM TO THE UNITED STATES. CALVANI MADE IT VERY CLEAR--RPT VERY

CLEAR--THAT THERE IS--RPT NO--INTENTION ON THE PART OF
THE VENEZUELAN GOVERNMENT TO REDUCE ITS OIL EXPORTS TO THE UNITED
STATES.

3. ON QUESTION OF POSSIBILITY THAT GOVERNMENT MIGHT EXERCISE ITS
LEGAL OPTION TO TAKE OIL ROYALTIES IN KIND RATHER THAN IN CASH
(CARACAS 9164). CALVANI SAID YES INDEED THIS HAD BEEN UNDER STUDY;
BUT REALLY IT AMOUNTED TO WHETHER OR NOT VENEZUELA COULD GET MORE
MONEY THROUGH ONE OPTION OR ANOTHER. IN OTHER WORDS, WOULD IT BE
MORE BENEFICIAL TO VENEZUELA TO BE PAID ROYALTIES IN CASH BY THE OIL
COMPANIES OR COULD CVP, RECEIVING ROYALTIES IN KIND, MARKET OIL AT
TODAY'S HIGH PRICES TO GREATER ADVANTAGE TO VENEZUELAN BUDGET?
HE DID EXPRESSLY SAY, HOWEVER, THAT IN EVENT CVP TOOK ROYALTIES
IN FORM OF PETROLEUM IT WOULD NOT--RPT NOT--BE AT THE EXPENSE
OF EXPORTS TO THE UNITED STATES.

4. IN CONCLUSION, AND SPEAKING IN A PHILOSOPHICAL WAY, CALVANI
SAID THAT HE HAD FOR YEARS PROTESTED AGAINST THE POLITICALLY
EXPEDIENT BUT NATIONALLY UNWISE POLICY OF VARIOUS VENEZUELAN
GOVERNMENTS IN USING OIL REVENUES FOR IMMEDIATE ENDS RATHER THAN
TO CONSERVE SOMETHING IN ESCROW FOR FUTURE DEVELOPMENT NOT ONLY
OF THE PETROLEUM INDUSTRY BUT ALSO OF THE REST OF THE VENEZUELAN
ECONOMY. IN A RATHER DRAMATIC ASIDE, FONMIN SAID THAT AT THE
BEGINNING OF THIS WEEK PRESIDENT CALDERA HAD EXPOSTULATED TO HIM
THAT "WE TALK ABOUT SEMBRAR EL PETROLEO. I WANT TO TALK ABOUT
DOMINAR EL PETROLEO." PRESIDENT ADDED, SAID CALVANI, THAT THROUGHOUT
HIS POLITICAL LIFE VENEZUELA HAD BEEN OVERWHELMED BY THIS SINGLED
FACTOR OF PETROLEUM. CALDERA WISHED LIBERTY OF ACTION; BUT
CALVANI HAD IMPRESSION THAT NO ONE HERE AS YET HAD FOUND ANY WAY
TO "DOMINAR EL PETROLEO."

5. I REPLIED THAT PERHAPS OBERTO'S PHRASE OF "HUMANISTIC
PRAGMATISM" MIGHT SHOW A WAY OUT.
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